

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

JUNE 30, 2008

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

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CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

JUNE 30, 2008

TABLE OF CONTENTS

| | <u>PAGES</u> |
|--|--------------|
| Independent Auditors' Report | i-ii |
| Management's Discussion and Analysis | iii-ix |
| Basic Financial Statements | |
| Government-Wide Financial Statements | |
| Statement of Net Assets | 1 |
| Statement of Activities | 2 |
| Fund Financial Statements | |
| Governmental Funds | |
| Balance Sheet | 3-4 |
| Reconciliation of the Balance Sheet to the Statement of Net Assets | 5 |
| Statement of Revenues, Expenditures and Changes in Fund Balance | 6-7 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities | 8 |
| Proprietary Funds | |
| Statement of Net Assets | 9 |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets | 10 |
| Statement of Cash Flows | 11 |
| Notes to Financial Statements | 12-25 |
| Required Supplementary Information | |
| Budgetary Comparison Schedule - Major Governmental Funds | 26-29 |
| Individual Fund Financial Statements | |
| Major Governmental Funds | |
| <u>General Fund</u> | |
| Comparative Balance Sheet | 30 |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance | 31 |
| <u>Municipal Street Fund</u> | |
| Comparative Balance Sheet | 32 |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance | 33 |
| <u>Fire Fund</u> | |
| Comparative Balance Sheet | 34 |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance | 35-36 |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

JUNE 30, 2008

TABLE OF CONTENTS

| | <u>PAGES</u> |
|--|--------------|
| Major Governmental Funds | |
| <u>Liquor Law Enforcement Fund</u> | |
| Comparative Balance Sheet | 37 |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance | 38 |
| <u>Lake Improvement Fund</u> | |
| Comparative Balance Sheet | 39 |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance | 40 |
| <u>Capital Improvement Revolving Fund</u> | |
| Comparative Balance Sheet | 41 |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance | 42 |
| <u>Sewer Capital Improvement Fund</u> | |
| Balance Sheet | 43 |
| Statement of Revenues, Expenditures and Changes in Fund Balance | 44 |
| Major Proprietary Fund | |
| <u>Sewer Fund</u> | |
| Comparative Statement of Net Assets | 45 |
| Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets | 46 |
| Comparative Statement of Cash Flows | 47 |
| Agency Funds | |
| <u>Current Tax Collection Fund</u> | |
| Statement of Changes in Assets and Liabilities | 48 |

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September 19, 2008

INDEPENDENT AUDITORS' REPORT

To the Township Board
Cherry Grove Township
Wexford County
Cadillac, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cherry Grove Township, Wexford County, Cadillac, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cherry Grove Township, Wexford County, Cadillac, Michigan, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages iii through ix and budgetary comparison information on pages 26-29 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cherry Grove Township, Wexford County, Cadillac, Michigan's basic financial statements. The individual fund financial statements, and other supplementary information, are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

Cherry Grove Township, a general law township located in Wexford County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, is intended to be the Cherry Grove Township board's discussion and analysis of the financial results for the fiscal year ended June 30, 2008, along with specific comparative information as required.

Financial Highlights Section

- The assets of the Township exceeded its liabilities at the close of the fiscal year by \$2,778,427. Of this amount, \$1,547,316 may be used to meet the Township's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$915,666 an increase of \$233,698 in comparison with the prior year. \$322,171 is available for spending at the Township's discretion.
- On June 30, 2008, the business-type activities had net assets of \$1,260,017, a decrease of \$3,175 from the previous year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds – The Township maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for its sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Fund since it is considered to be a major fund of the Township.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township’s financial position over time. The Net Assets of the Township were \$2,778,427 at June 30, 2008, meaning the Township’s assets were greater than its liabilities by this amount. As noted earlier, net assets may serve over time as a useful

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

indicator of a government's financial position. A comparison with the previous fiscal year is presented in order to show the change in Net Assets over the previous fiscal year.

| Cherry Grove Township | | | | | | |
|---|---------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
| Net Assets | | | | | | |
| | Governmental | | Business-Type | | Total Primary | |
| | Activities | | Activities | | Government | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Assets | | | | | | |
| Current Assets | \$ 987,144 | \$ 775,397 | \$ 744,531 | \$ 704,583 | \$ 1,731,675 | \$ 1,479,980 |
| Non Current Assets | | | | | | |
| Capital Assets | 1,434,990 | 1,279,871 | 1,269,562 | 1,269,562 | 2,704,552 | 2,549,433 |
| Less: Accumulated Depreciation | (704,139) | (598,625) | (736,344) | (710,953) | (1,440,483) | (1,309,578) |
| Total Non Current Assets | 730,851 | 681,246 | 533,218 | 558,609 | 1,264,069 | 1,239,855 |
| Total Assets | \$ 1,717,995 | \$ 1,456,643 | \$ 1,277,749 | \$ 1,263,192 | \$ 2,995,744 | \$ 2,719,835 |
| Liabilities | | | | | | |
| Current Liabilities | \$ 113,247 | \$ 136,826 | \$ 17,732 | \$ 0 | \$ 130,979 | \$ 136,826 |
| Long-Term Liabilities | 86,338 | 128,107 | 0 | 0 | 86,338 | 128,107 |
| Total Liabilities | 199,585 | 264,933 | 17,732 | 0 | 217,317 | 264,933 |
| Net Assets | | | | | | |
| Invested in Capital Assets | | | | | | |
| Net of Related Debt | 602,744 | 509,742 | 533,218 | 558,609 | 1,135,962 | 1,068,351 |
| Restricted for Specific Purposes | 95,149 | 91,746 | 0 | 0 | 95,149 | 91,746 |
| Unrestricted | 820,517 | 590,222 | 726,799 | 704,583 | 1,547,316 | 1,294,805 |
| Total Net Assets | 1,518,410 | 1,191,710 | 1,260,017 | 1,263,192 | 2,778,427 | 2,454,902 |
| Total Liabilities and Net Assets | \$ 1,717,995 | \$ 1,456,643 | \$ 1,277,749 | \$ 1,263,192 | \$ 2,995,744 | \$ 2,719,835 |

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the Township used to acquire the asset. The Township has \$1,547,316 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Township policies regarding their use.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The total net assets of the Township increased by \$323,525 in this fiscal year, which is an indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year began.

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

| Cherry Grove Township Change in Net Assets | | | | | | |
|---|------------------------------------|---------------------|-------------------------------------|---------------------|-------------------------------------|---------------------|
| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| <u>Revenues</u> | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 24,827 | \$ 23,937 | \$ 54,914 | \$ 106,952 | \$ 79,741 | \$ 130,889 |
| Operating Grants and Contributions | 462,299 | 87,999 | 0 | 0 | 462,299 | 87,999 |
| Capital Grants and Contributions | 0 | 89,186 | 0 | 0 | 0 | 89,186 |
| General Revenues | | | | | | |
| Taxes | 203,851 | 192,528 | 0 | 0 | 203,851 | 192,528 |
| State Grants | 160,473 | 156,584 | 0 | 0 | 160,473 | 156,584 |
| Investment Earnings | 23,304 | 29,758 | 28,832 | 31,574 | 52,136 | 61,332 |
| Other | 4,645 | 6,819 | 0 | 0 | 4,645 | 6,819 |
| Total Revenues | 879,399 | 586,811 | 83,746 | 138,526 | 963,145 | 725,337 |
| <u>Expenses</u> | | | | | | |
| Legislative | 11,443 | 10,345 | 0 | 0 | 11,443 | 10,345 |
| General Government | 176,656 | 168,079 | 0 | 0 | 176,656 | 168,079 |
| Public Safety | 188,012 | 205,816 | 0 | 0 | 188,012 | 205,816 |
| Public Works | 14,778 | 8,275 | 0 | 0 | 14,778 | 8,275 |
| Recreation and Culture | 133,649 | 107,202 | 0 | 0 | 133,649 | 107,202 |
| Other Functions | 21,212 | 22,323 | 0 | 0 | 21,212 | 22,323 |
| Interest on Long-term Debt | 6,949 | 8,691 | 0 | 0 | 6,949 | 8,691 |
| Sewer | 0 | 0 | 86,921 | 128,557 | 86,921 | 128,557 |
| Total Expenses | 552,699 | 530,731 | 86,921 | 128,557 | 639,620 | 659,288 |
| Change in Net Assets | 326,700 | 56,080 | (3,175) | 9,969 | 323,525 | 66,049 |
| <u>NET ASSETS</u> - Beginning of Year | 1,191,710 | 1,135,630 | 1,263,192 | 1,253,223 | 2,454,902 | 2,388,853 |
| <u>NET ASSETS</u> - End of Year | \$ 1,518,410 | \$ 1,191,710 | \$ 1,260,017 | \$ 1,263,192 | \$ 2,778,427 | \$ 2,454,902 |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

Governmental Activities

During the fiscal year ended June 30, 2008, the Township's net assets increased by \$326,700 in the governmental funds. The majority of this increase represents the \$267,740 of excess sewer revenues, originally collected from Cherry Grove Township residents, which the Wexford County Department of Public Works contributed to the Township to use for future capital improvements to the sewer system.

The most significant part of the revenue for all governmental activities of Cherry Grove Township comes from taxes. The Township levied operating and fire protection millages, this fiscal year. As a result, tax revenue increased by \$11,323. The Township levied 0.7528 mills for operating purposes and .09390 mills for fire protection. The fire protection millage is voted on by the township residents. The next election for this millage is 2012. Therefore, the greatest portion of income for the township is not a guaranteed source of funding for the future.

The Township's governmental activities major expenses are public safety expenses and general governmental expenses. The Township spent \$188,012 in fiscal year 2008 on public safety expenses and \$176,656 on general governmental expenses.

Business-Type Activities

The Township utilizes a Sewer Fund to account for its sewer operations. Revenue is collected from customers within the Township. These charges for services totaled \$54,914 for 2008. The Township pays the Wexford County Department of Public Works for Township sewer services which accounted for \$51,047 of the Sewer Funds expenses. Depreciation expense of \$25,391 accounted for the next largest expense.

Sewer operations experienced a decrease in net assets in the amount of \$3,175.

The Sewer Fund is the Township's only Business-Type activity.

Financial Analysis of the Government's Funds

Governmental Activities The focus of Cherry Grove Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Cherry Grove Township's governmental funds reported combined ending fund balances of \$915,666. \$322,171 of this total amount constitutes unreserved and undesignated fund balance. The June 30th fiscal year end balance seems somewhat high because it represents the influx of taxes that are always received in March. The remainder of the fund balance is reserved or designated for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for fire protection must be used for expenditures that relate to fire protection.

General Fund – The General Fund increased its fund balance by \$19,349, which brings the fund balance to \$295,721. All of the General Fund's fund balance is unreserved. Tax revenues increased by \$6,736. The General Fund transferred \$16,024 to the Municipal Street Fund and \$50,000 to the Fire Fund.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

Municipal Street Fund – The Road Improvement Fund increased its fund balance by \$23,469, which brings the fund balance to \$140,765. The balance is designated to be used for road improvements.

The majority of the sources of revenue that fund the Municipal Street Fund are a transfer from the General Fund. The General Fund's transfer provided \$16,024 of revenues.

Fire Fund – The Fire Fund decreased its fund balance by \$573, which brings the fund balance to \$87,241. This balance is reserved and must be used for fire protection.

The Township did levy a fire millage on the 2007 tax roll. Tax related revenues totaled \$94,087 for the current fiscal year.

Liquor Law Enforcement Fund – The Liquor Law Enforcement Fund increased its fund balance by \$720, which brings the fund balance to \$2,701. This balance is designated to be used for liquor law enforcement.

The liquor fund was self funding in the sense that all costs associated with liquor law enforcement for the township were covered by the State of Michigan through collection of liquor license fees from the places of business in the township that serve or sell liquor.

Lake Improvement Fund – The Lake Improvement Fund increased its fund balance by \$58,237, which brings the fund balance to \$26,450. The majority of the sources of revenue that fund the Lake Improvement Fund are special assessments and contributions from local units. Special assessments provided \$101,481 of revenues and contributions from local units provided \$82,567 of revenues. This fund is run by a board appointed by various entities with an interest in Lake Mitchell. The Township's role is mainly as a recordkeeping function as one of the establishing entities.

Capital Improvement Revolving Fund – The Capital Improvement Revolving Fund decreased its fund balance by \$135,244, which brings the fund balance to \$95,048.

Sewer Capital Improvement Fund – The Sewer Capital Improvement Fund increased its fund balance by \$267,740, which brings the fund balance to \$267,740. The only source of revenue for the Sewer Capital Improvement Fund was a one-time contribution from the Wexford County Department of Public Works for \$267,740 as a result of a new Sewer Agreement beginning January 1, 2008.

Proprietary Fund The Township's proprietary fund provides the same information as the government-wide statements.

Sewer Fund – The Sewer Fund ended the fiscal year with a decrease in net assets of \$3,175. Beginning January 1, 2008, the Township entered into a new agreement with the Wexford County Department of Public Works for operation and maintenance of the sewer system.

Capital Assets and Debt Administration

Capital Assets The Township's investment in capital assets for governmental and business-type activities as of June 30, 2008, amounted to \$1,264,069 net of accumulated depreciation. The total net increase in the Township's investment in capital assets for the current fiscal year was \$24,214.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

Capital assets summarized below include any items purchased with a cost greater than \$1,000 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|------------------------------------|------------------------------------|-------------------|-------------------------------------|-------------------|-------------------------------------|---------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Land and Improvements | \$ 135,649 | \$ 6,155 | \$ 0 | \$ 0 | \$ 135,649 | \$ 6,155 |
| Buildings | 262,246 | 247,246 | 0 | 0 | 262,246 | 247,246 |
| Improvements Other Than Buildings | 0 | 0 | 1,269,562 | 1,269,562 | 1,269,562 | 1,269,562 |
| Infrastructure | 21,199 | 21,199 | 0 | 0 | 21,199 | 21,199 |
| Equipment, Furniture, and Vehicles | 1,015,896 | 1,005,271 | 0 | 0 | 1,015,896 | 1,005,271 |
| Subtotal | 1,434,990 | 1,279,871 | 1,269,562 | 1,269,562 | 2,704,552 | 2,549,433 |
| Less: Accumulated Depreciation | 704,139 | 598,625 | 736,344 | 710,953 | 1,440,483 | 1,309,578 |
| Net Capital Assets | \$ 730,851 | \$ 681,246 | \$ 533,218 | \$ 558,609 | \$ 1,264,069 | \$ 1,239,855 |

Major capital asset events during the current fiscal year included the following:

- ◆ Purchase of pole building/garage and land adjacent to the township hall in the amount of \$144,494
- ◆ Purchased a new thermal imaging camera for the Fire Department in the amount of \$10,625

Long-Term Debt At the end of the current fiscal year, the Township had total installment debt outstanding of \$128,107 for the purchase of a 2003 Chevrolet 2500 pickup and a fire truck. The pickup debt is serviced 50% by the General Fund and 50% by the Fire Fund. The fire truck debt is serviced 100% by the Fire Fund. The entire balance of this debt is backed by the full faith and credit of the government. Additional information on the Township's long-term debt can be found in the notes to the financial statements. Interest rates earned on investment and availability of cash on hand were all carefully analyzed by the township board when making the decisions to borrow money for truck purchases.

Economic Condition and Outlook

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means potential future reductions in state-shared revenues. The Township's millage rates were reduced again by the Headlee Amendment rollback.

These factors were considered in preparing the Township's budgets for the 2008-09 fiscal year.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Cherry Grove Township at 4830 E. M-55, Cadillac, Michigan 49601.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

STATEMENT OF NET ASSETS
JUNE 30, 2008

| | GOVERNMENTAL ACTIVITIES | BUSINESS TYPE ACTIVITIES | TOTALS |
|--|----------------------------|--------------------------------|--------------|
| <u>ASSETS</u> | | | |
| <u>CURRENT ASSETS</u> | | | |
| Cash | \$ 120,776 | \$ 34,543 | \$ 155,319 |
| Accounts Receivable | 1,713 | 0 | 1,713 |
| Interest Receivable | 0 | 1,324 | 1,324 |
| Due from Other Governments | 319,376 | 0 | 319,376 |
| Investments | 545,279 | 708,664 | 1,253,943 |
| Total Current Assets | 987,144 | 744,531 | 1,731,675 |
| <u>CAPITAL ASSETS</u> | | | |
| Land and Improvements | 135,649 | 0 | 135,649 |
| Buildings | 262,246 | 0 | 262,246 |
| Improvements Other Than Buildings | 0 | 1,269,562 | 1,269,562 |
| Infrastructure | 21,199 | 0 | 21,199 |
| Equipment, Furniture and Vehicles | 1,015,896 | 0 | 1,015,896 |
| | 1,434,990 | 1,269,562 | 2,704,552 |
| Less Accumulated Depreciation | 704,139 | 736,344 | 1,440,483 |
| Net Capital Assets | 730,851 | 533,218 | 1,264,069 |
| TOTAL ASSETS | 1,717,995 | 1,277,749 | 2,995,744 |
| <u>LIABILITIES</u> | | | |
| <u>CURRENT LIABILITIES</u> | | | |
| Accounts Payable | 71,478 | 0 | 71,478 |
| Due to Other Governments | 0 | 17,732 | 17,732 |
| Current Portion of Non-Current Liabilities | 41,769 | 0 | 41,769 |
| Total Current Liabilities | 113,247 | 0 | 130,979 |
| <u>NONCURRENT LIABILITIES</u> | | | |
| Note Payable (Net of Current Portion) | 86,338 | 0 | 86,338 |
| TOTAL LIABILITIES | 199,585 | 17,732 | 217,317 |
| <u>NET ASSETS</u> | | | |
| Invested in Capital Assets Net of Related Debt | 602,744 | 533,218 | 1,135,962 |
| Restricted for Public Safety | 87,241 | 0 | 87,241 |
| Restricted for Public Works | 7,908 | 0 | 7,908 |
| Unrestricted | 820,517 | 726,799 | 1,547,316 |
| TOTAL NET ASSETS | \$ 1,518,410 | \$ 1,260,017 | \$ 2,778,427 |

The accompanying notes are an integral part of the financial statements.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | | | NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS | | |
|---------------------------------------|------------|------------------|---------------|---------------|--|---------------|--------------|
| | | CHARGES FOR | OPERATING | CAPITAL | GOVERNMENTAL | BUSINESS-TYPE | TOTALS |
| | | SERVICES | GRANTS AND | GRANTS AND | ACTIVITIES | ACTIVITIES | |
| | | | CONTRIBUTIONS | CONTRIBUTIONS | | | |
| <u>PRIMARY GOVERNMENT</u> | | | | | | | |
| <u>GOVERNMENTAL ACTIVITIES</u> | | | | | | | |
| Legislative | \$ 11,443 | \$ 0 | \$ 0 | \$ 0 | \$ (11,443) | \$ 0 | \$ (11,443) |
| General Government | 176,656 | 21,792 | 0 | 0 | (154,864) | 0 | (154,864) |
| Public Safety | 188,012 | 3,035 | 6,535 | 0 | (178,442) | 0 | (178,442) |
| Public Works | 14,778 | 0 | 271,716 | 0 | 256,938 | 0 | 256,938 |
| Recreation and Culture | 133,649 | 0 | 184,048 | 0 | 50,399 | 0 | 50,399 |
| Other Functions | 21,212 | 0 | 0 | 0 | (21,212) | 0 | (21,212) |
| Interest on Long-term Debt | 6,949 | 0 | 0 | 0 | (6,949) | 0 | (6,949) |
| Total Governmental Activities | 552,699 | 24,827 | 462,299 | 0 | (65,573) | 0 | (65,573) |
| <u>BUSINESS-TYPE ACTIVITIES</u> | | | | | | | |
| Sewer System | 86,921 | 54,914 | 0 | 0 | 0 | (32,007) | (32,007) |
| TOTAL | \$ 639,620 | \$ 79,741 | \$ 462,299 | \$ 0 | (65,573) | (32,007) | (97,580) |
| <u>GENERAL REVENUES</u> | | | | | | | |
| Taxes | | | | | 203,851 | 0 | 203,851 |
| State Grants | | | | | 160,473 | 0 | 160,473 |
| Investment Earnings | | | | | 23,304 | 28,832 | 52,136 |
| Other | | | | | 4,645 | 0 | 4,645 |
| Total General Revenues | | | | | 392,273 | 28,832 | 421,105 |
| Change in Net Assets | | | | | 326,700 | (3,175) | 323,525 |
| <u>NET ASSETS</u> - Beginning of Year | | | | | 1,191,710 | 1,263,192 | 2,454,902 |
| <u>NET ASSETS</u> - End of Year | | | | | \$ 1,518,410 | \$ 1,260,017 | \$ 2,778,427 |

The accompanying notes are an integral part of the financial statements.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2008

| | GENERAL FUND | MUNICIPAL STREET | FIRE FUND |
|-------------------------------------|-------------------|---------------------|------------------|
| <u>ASSETS</u> | | | |
| Cash | \$ 11,804 | \$ 4,345 | \$ 7,914 |
| Accounts Receivable | 475 | 0 | 1,238 |
| Investments | 248,419 | 120,352 | 81,595 |
| Due from Other Governments | 51,636 | 0 | 0 |
| Due from Other Funds | 0 | 16,068 | 114 |
| | | | |
| TOTAL ASSETS | <u>\$ 312,334</u> | <u>\$ 140,765</u> | <u>\$ 90,861</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | \$ 431 | \$ 0 | \$ 3,620 |
| Due to Other Funds | 16,182 | 0 | 0 |
| Total Liabilities | <u>16,613</u> | <u>0</u> | <u>3,620</u> |
| <u>FUND BALANCE</u> | | | |
| Reserved for: | | | |
| Telecommunications Right of Way | 0 | 7,908 | 0 |
| Fire Protection | 0 | 0 | 87,241 |
| Sewer Capital Improvements | 0 | 0 | 0 |
| Unreserved | | | |
| Designated for: | | | |
| Street Improvements | 0 | 132,857 | 0 |
| Liquor Law Enforcement | 0 | 0 | 0 |
| Public Improvements | 0 | 0 | 0 |
| Undesignated | 295,721 | 0 | 0 |
| Total Fund Balance | <u>295,721</u> | <u>140,765</u> | <u>87,241</u> |
| | | | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 312,334</u> | <u>\$ 140,765</u> | <u>\$ 90,861</u> |

The accompanying notes are an integral part of the financial statements.

| LIQUOR LAW ENFORCEMENT | LAKE IMPROVEMENT | CAPITAL IMPROVEMENT | SEWER CAPITAL IMPROVEMENT | TOTALS |
|---------------------------|---------------------|------------------------|------------------------------|--------------|
| \$ 2,701 | \$ 93,877 | \$ 135 | \$ 0 | \$ 120,776 |
| 0 | 0 | 0 | 0 | 1,713 |
| 0 | 0 | 94,913 | 0 | 545,279 |
| 0 | 0 | 0 | 267,740 | 319,376 |
| 0 | 0 | 0 | 0 | 16,182 |
| \$ 2,701 | \$ 93,877 | \$ 95,048 | \$ 267,740 | \$ 1,003,326 |
| \$ 0 | \$ 67,427 | \$ 0 | \$ 0 | \$ 71,478 |
| 0 | 0 | 0 | 0 | 16,182 |
| 0 | 67,427 | 0 | 0 | 87,660 |
| 0 | 0 | 0 | 0 | 7,908 |
| 0 | 0 | 0 | 0 | 87,241 |
| 0 | 0 | 0 | 267,740 | 267,740 |
| 0 | 0 | 0 | 0 | 132,857 |
| 2,701 | 0 | 0 | 0 | 2,701 |
| 0 | 0 | 95,048 | 0 | 95,048 |
| 0 | 26,450 | 0 | 0 | 322,171 |
| 2,701 | 26,450 | 95,048 | 267,740 | 915,666 |
| \$ 2,701 | \$ 93,877 | \$ 95,048 | \$ 267,740 | \$ 1,003,326 |

The accompanying notes are an integral part of the financial statements.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

| | | |
|--|----|---------|
| Total Fund Balances for Governmental Funds | \$ | 915,666 |
|--|----|---------|

Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

| | | | |
|-----------------------------------|----|------------------|---------|
| Land and Improvements | \$ | 135,649 | |
| Buildings | | 262,246 | |
| Equipment, Furniture and Vehicles | | 1,015,896 | |
| Infrastructure | | 21,199 | |
| Accumulated Depreciation | | <u>(704,139)</u> | 730,851 |

Long term liabilities are not due and payable in the current period and
are not reported in the funds

| | | |
|--------------|--|------------------|
| Note Payable | | <u>(128,107)</u> |
|--------------|--|------------------|

| | | |
|---------------------------------------|----|-------------------------|
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | \$ | <u><u>1,518,410</u></u> |
|---------------------------------------|----|-------------------------|

The accompanying notes are an integral part of the financial statements.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2008

| | GENERAL FUND | MUNICIPAL STREET | FIRE FUND |
|--|-----------------|---------------------|--------------|
| <u>REVENUES</u> | | | |
| Taxes | \$ 109,764 | \$ 0 | \$ 94,087 |
| Licenses and Permits | 10,657 | 0 | 0 |
| State Grants | 160,473 | 3,976 | 0 |
| Contributions from Local Units | 0 | 0 | 0 |
| Charges for Services | 11,135 | 0 | 3,035 |
| Interest and Rents | 9,948 | 4,516 | 1,542 |
| Other Revenues | 1,705 | 0 | 5,400 |
| Total Revenues | 303,682 | 8,492 | 104,064 |
| <u>EXPENDITURES</u> | | | |
| Legislative | 11,443 | 0 | 0 |
| General Government | 307,129 | 0 | 0 |
| Public Safety | 0 | 0 | 106,549 |
| Public Works | 12,561 | 1,047 | 0 |
| Recreation and Culture | 5,899 | 0 | 0 |
| Other Functions | 21,212 | 0 | 0 |
| Debt Service | 2,258 | 0 | 48,088 |
| Total Expenditures | 360,502 | 1,047 | 154,637 |
| Excess (Deficiency) of Revenues Over Expenditures | (56,820) | 7,445 | (50,573) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers In | 142,193 | 16,024 | 50,000 |
| Transfers Out | (66,024) | 0 | 0 |
| Total Other Financing Sources (Uses) | 76,169 | 16,024 | 50,000 |
| Net Change in Fund Balance | 19,349 | 23,469 | (573) |
| <u>FUND BALANCE</u> - Beginning of Year - (Deficit) | 276,372 | 117,296 | 87,814 |
| <u>FUND BALANCE</u> - End of Year | \$ 295,721 | \$ 140,765 | \$ 87,241 |

The accompanying notes are an integral part of the financial statements.

| LIQUOR LAW ENFORCEMENT | LAKE IMPROVEMENT | CAPITAL IMPROVEMENT | SEWER CAPITAL IMPROVEMENT | TOTALS |
|---------------------------|---------------------|------------------------|------------------------------|------------|
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 203,851 |
| 0 | 0 | 0 | 0 | 10,657 |
| 2,375 | 0 | 0 | 0 | 166,824 |
| 0 | 82,567 | 0 | 267,740 | 350,307 |
| 0 | 0 | 0 | 0 | 14,170 |
| 0 | 1,939 | 7,059 | 0 | 25,004 |
| 0 | 101,481 | 0 | 0 | 108,586 |
| 2,375 | 185,987 | 7,059 | 267,740 | 879,399 |
| 0 | 0 | 0 | 0 | 11,443 |
| 0 | 0 | 0 | 0 | 307,129 |
| 1,655 | 0 | 0 | 0 | 108,204 |
| 0 | 0 | 110 | 0 | 13,718 |
| 0 | 127,750 | 0 | 0 | 133,649 |
| 0 | 0 | 0 | 0 | 21,212 |
| 0 | 0 | 0 | 0 | 50,346 |
| 1,655 | 127,750 | 110 | 0 | 645,701 |
| 720 | 58,237 | 6,949 | 267,740 | 233,698 |
| 0 | 0 | 50,000 | 0 | 258,217 |
| 0 | 0 | (192,193) | 0 | (258,217) |
| 0 | 0 | (142,193) | 0 | 0 |
| 720 | 58,237 | (135,244) | 267,740 | 233,698 |
| 1,981 | (31,787) | 230,292 | 0 | 681,968 |
| \$ 2,701 | \$ 26,450 | \$ 95,048 | \$ 267,740 | \$ 915,666 |

The accompanying notes are an integral part of the financial statements.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2008

| | |
|--|--------------------------|
| Net Change in Fund Balance - Total Governmental Funds | \$ 233,698 |
| Amounts reported for governmental activities are different because: | |
| Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation. | |
| Depreciation Expense | (105,514) |
| Capital Outlay | 155,119 |
| Repayments of principal on long-term debt is an expenditure in the governmental fund, but not in the statement of activities (where it is a reduction of liabilities). | <u>43,397</u> |
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u><u>\$ 326,700</u></u> |

The accompanying notes are an integral part of the financial statements.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

PROPRIETARY FUND

STATEMENT OF NET ASSETS

JUNE 30, 2008

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUND - MAJOR FUND

| | <u>SEWER FUND</u> |
|-----------------------------------|-------------------|
| <u>ASSETS</u> | |
| <u>CURRENT ASSETS</u> | |
| Cash | \$ 34,543 |
| Interest Receivable | 1,324 |
| Investments | 708,664 |
| Total Current Assets | 744,531 |
| <u>CAPITAL ASSETS</u> | |
| Improvements Other Than Buildings | 1,269,562 |
| Less Accumulated Depreciation | 736,344 |
| Net Capital Assets | 533,218 |
| TOTAL ASSETS | \$ 1,277,749 |
| <u>LIABILITIES AND NET ASSETS</u> | |
| <u>LIABILITIES</u> | |
| Due to Other Governments | \$ 17,732 |
| <u>NET ASSETS</u> | |
| Invested in Capital Assets | 533,218 |
| Unrestricted | 726,799 |
| Total Net Assets | 1,260,017 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,277,749 |

The accompanying notes are an integral part of the financial statements.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

JUNE 30, 2008

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUND - MAJOR FUND

| | <u>SEWER FUND</u> |
|---|-----------------------------------|
| <u>OPERATING REVENUES</u> | |
| Charges for Services | |
| Sewer Use Charges and Connection Fees | <u>\$ 54,914</u> |
| <u>OPERATING EXPENSES</u> | |
| Public Works | |
| Professional Services | 9,420 |
| Contracted Services | |
| Operation and Maintenance | |
| Wexford County Department of Public Works | 51,047 |
| Printing and Publishing | 1,004 |
| Depreciation | 25,391 |
| Miscellaneous | <u>59</u> |
| Total Operating Expenses | <u>86,921</u> |
| Operating Income (Loss) | <u>(32,007)</u> |
| <u>NONOPERATING REVENUES (EXPENSES)</u> | |
| Interest Income | 24,801 |
| Net Increase (Decrease) in the Fair Value of Investments | <u>4,031</u> |
| Total NonOperating Revenues (Expenses) | <u>28,832</u> |
| Change in Net Assets | (3,175) |
| <u>NET ASSETS</u> - Beginning of Year | <u>1,263,192</u> |
| <u>NET ASSETS</u> - End of Year | <u><u>\$ 1,260,017</u></u> |

The accompanying notes are an integral part of the financial statements.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN
PROPRIETARY FUND

STATEMENT OF CASH FLOWS

JUNE 30, 2008

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUND - MAJOR FUND

| | <u>SEWER FUND</u> |
|--|-------------------------|
| <u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u> | |
| Cash Flows from Operating Activities: | |
| Cash Received from Customers | \$ 105,335 |
| Cash Payments to Suppliers for Goods and Services | <u>(61,530)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>43,805</u> |
| Cash Flows from Investing Activities: | |
| Interest on Investments | 27,673 |
| Proceeds from Sale of Short-Term Investment Fund and U.S. Treasury Notes | 547,445 |
| Acquisition of Short-Term Investment Fund and U.S. Treasury Notes | <u>(624,227)</u> |
| Net Cash Provided (Used) by Investing Activities | <u>(49,109)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (5,304) |
| <u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year | <u>39,847</u> |
| <u>CASH AND CASH EQUIVALENTS</u> - End of Year | <u><u>\$ 34,543</u></u> |
| <u>RECONCILIATION OF OPERATING INCOME</u> | |
| <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u> | |
| Operating Income (Loss) | <u>\$ (32,007)</u> |
| Adjustments to Reconcile Operating Income | |
| To Net Cash Provided by Operating Activities | |
| Depreciation | 25,391 |
| (Increase) Decrease in Current Assets | |
| Accounts Receivable - Service Billings | 32,689 |
| Increase (Decrease) in Current Liabilities | |
| Due to Other Governments | <u>17,732</u> |
| Total Adjustments | <u>75,812</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u><u>\$ 43,805</u></u> |

The accompanying notes are an integral part of the financial statements.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Cherry Grove Township is a general law township located in Wexford County which operates under the direction of an elected township board. As required by generally accepted accounting principles, these financial statements present the government and its blended component unit, an entity for which the Township is considered to be financially accountable. The blended component unit, although a legally separate entity, is, in substance, part of the Township for financial reporting purposes so its data is combined with the Township.

Blended Component Unit. The Lake Mitchell Improvement Authority was established to provide for the improvement of Lake Mitchell and is funded by special assessments on lake front property owners. Cherry Grove Township, Selma Township, and the City of Cadillac are all members of the Authority. Each unit appoints members to the Authority Board. Cherry Grove Township is financially the largest member of the Authority and therefore the Authority is considered a component unit of the Township. The Authority is reported as a special revenue fund.

B. Government-wide and Fund Financial Statements

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributions, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Cherry Grove Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Municipal Street Fund* accounts for revenue sources that are legally restricted to expenditures for street improvements.

The *Fire Fund* accounts for revenue sources that are legally restricted to expenditures for fire protection.

The *Liquor Law Enforcement Fund* accounts for revenue sources that are legally restricted to expenditures for liquor law enforcement.

The *Lake Improvement Fund* accounts for revenue sources that are legally restricted to expenditures for lake improvements.

The *Capital Improvement Revolving Fund* accounts for revenue sources that are board designated for expenditures for public improvement. The source of revenue for this fund originates from transfers in from the general fund.

The *Sewer Capital Improvement Fund* accounts for revenue sources that are reserved for expenditures for repair, replacement, capital improvement, extension and continuation of the sewer system. The source of revenue for this fund originates from a one-time contribution from the Wexford County Department of Public Works of excess Cherry Grove Township sewer user fees.

Cherry Grove Township reports the following major proprietary fund:

The *Sewer Fund* records financial activity of the Township's portion of the Cadillac-Mitchell Sewer Loop Project. The Township participates in the Cadillac-Mitchell Sewer Loop Project with Clam Lake Township and Selma Township.

Additionally Cherry Grove Township reports the following fund types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The investment policy adopted by the Township states that the Township is limited to investments authorized by Public Act 20 of 1943 (MCL 129.91 et seq), as amended, or as shall be amended in the future, and may include the following:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution. Authorized depositories shall be designated by the Cherry Grove Township Board at the Board's organizational meeting after each regular election of members.
- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (ex Sess) PA7, MCL 124.501 to 124.512.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

- (e) Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 129.11 to 129.118.

2. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes, county taxes, and 50% of Cadillac Area Public School's taxes are levied and due July 1, and become delinquent after September 14. The remaining millages are levied and due December 1, and become delinquent after February 28. Collections of taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2007 taxable valuation of Cherry Grove Township totaled \$100,145,277, on which ad valorem taxes levied consisted of 0.7528 mills for Cherry Township operating purposes, and 0.9390 mills for Cherry Grove Township fire protection. These levies raised approximately \$75,263 for operating purposes and \$94,026 for fire protection.

3. *Inventories and Prepaid Items*

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

| <u>ASSETS</u> | <u>YEARS</u> |
|-----------------------------------|--------------|
| Buildings | 50 |
| Improvements | 20 |
| Infrastructure | 20-50 |
| Equipment, Furniture and Vehicles | 5-10 |

5. *Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. *Use of Estimates*

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

8. Comparative Data/Reclassifications

Comparative total data for prior years have been presented for all funds in the fund financial statement in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on June 20, 2007, or as amended by the Township Board from time to time throughout the year.

The appropriated budgets are prepared by fund and activity. The Township board exercises budgetary control over expenditures.

Encumbrance accounting not employed in governmental funds.

B. Funds with Expenditures in Excess of Appropriations were as follows:

| | <u>Budget</u> | <u>Actual</u> |
|-----------------------------|---------------|---------------|
| General Fund | | |
| Assessor | \$ 32,675 | \$ 32,769 |
| Debt Service | 0 | 2,258 |
| Special Revenue Fund | | |
| Liquor Law Enforcement Fund | | |
| Liquor Law Enforcement | 1,650 | 1,655 |
| Fire Fund | | |
| Debt Service | 45,829 | 48,088 |

These overages were funded by greater than anticipated revenues and available fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The Township's deposits and investments are on deposit with Citizens Bank, Northwestern Bank and Chase Fund.

Investment rate risk. The Township will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

Foreign currency risk. The Township is not authorized to invest in investments, which have this type of risk.

Credit risk. The Township will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Township's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Township will do business in accordance with the Township's investment policy.

Concentration of credit risk. The Township will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2008, none of the government's bank balance of \$165,758 was exposed to custodial credit risk because it was insured and collateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name.

As of June 30, 2008, the Township had the following investments:

| | <u>CARRYING AMOUNT</u> | <u>FAIR VALUE</u> |
|---|----------------------------|-----------------------|
| Investments - Primary Government | | |
| U.S. Government | | |
| Securities (Risk Category 1) | \$ 122,602 | \$ 122,602 |
| Michigan Governmental Money Market Fund | | |
| (Uncategorized as to Risk) | 947,759 | 947,759 |
| Certificates of Deposit (Risk Category 1) | 183,582 | 183,582 |
| | <u>\$ 1,253,943</u> | <u>\$ 1,253,943</u> |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

B. Receivables

Receivables as of year end for the government's individual major funds, and nonmajor funds in aggregate, are as follows:

| | General | Fire Fund | Sewer Capital Improvement | Sewer | Total |
|----------------------------|------------------|-----------------|---------------------------------|-----------------|-------------------|
| Receivables | | | | | |
| Due from Other Governments | \$ 51,636 | \$ 0 | \$ 267,740 | \$ 0 | \$ 319,376 |
| Accounts | 475 | 1,238 | 0 | 0 | 1,713 |
| Interest | 0 | 0 | 0 | 1,324 | 1,324 |
| Total | <u>\$ 52,111</u> | <u>\$ 1,238</u> | <u>\$ 267,740</u> | <u>\$ 1,324</u> | <u>\$ 322,413</u> |

The allowance for doubtful accounts is not considered to be material for disclosure. In addition, any delinquent sewer service receivables can be placed on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year, the Township did not have any deferred revenue.

C. Capital Assets

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|---------------|-----------|-------------------|
| <u>Governmental activities:</u> | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 6,155 | \$ 129,494 | \$ 0 | \$ 135,649 |
| Capital assets, being depreciated | | | | |
| Buildings | 247,246 | 15,000 | 0 | 262,246 |
| Equipment, Furniture, and Vehicles | 1,005,271 | 10,625 | 0 | 1,015,896 |
| Infrastructure | 21,199 | 0 | 0 | 21,199 |
| Total capital assets, being depreciated | <u>1,273,716</u> | <u>25,625</u> | <u>0</u> | <u>1,299,341</u> |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|-------------|-----------|-------------------|
| Less accumulated depreciation for: | | | | |
| Buildings | 84,145 | 6,233 | 0 | 90,378 |
| Equipment, Furniture, and Vehicles | 513,420 | 98,221 | 0 | 611,641 |
| Infrastructure | 1,060 | 1,060 | 0 | 2,120 |
| Total accumulated depreciation | 598,625 | 105,514 | 0 | 704,139 |
| Total capital assets, being depreciated, net | 675,091 | (79,889) | 0 | 595,202 |
| Governmental activities capital assets, net | \$ 681,246 | \$ 49,605 | \$ 0 | \$ 730,851 |
| <u>Business-type activities:</u> | | | | |
| Capital assets, being depreciated | | | | |
| Improvements other than buildings | \$ 1,269,562 | \$ 0 | \$ 0 | \$ 1,269,562 |
| Less accumulated depreciation for: | | | | |
| Improvements other than buildings | 710,953 | 25,391 | 0 | 736,344 |
| Business-type activities capital assets, net | \$ 558,609 | \$ (25,391) | \$ 0 | \$ 533,218 |

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|--|-------------------|
| Governmental activities: | |
| General Government | \$ 14,022 |
| Public Safety | 90,432 |
| Public Works | 1,060 |
| Total depreciation expense - governmental activities | <u>\$ 105,514</u> |
| Business-type activities: | |
| Sewer | <u>\$ 25,391</u> |

Construction Commitments:

The government has no outstanding construction commitments as of June 30, 2008.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

D. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at June 30, 2008, were:

| <u>FUND</u> | <u>INTERFUND RECEIVABLES</u> | <u>INTERFUND PAYABLES</u> |
|-----------------------|----------------------------------|-------------------------------|
| General Fund | \$ 0 | \$ 16,182 |
| Special Revenue Funds | | |
| Fire Fund | 114 | 0 |
| Municipal Street Fund | 16,068 | 0 |
| | <u>\$ 16,182</u> | <u>\$ 16,182</u> |

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be resolved within one year.

| | <u>TRANSFERS</u> | |
|------------------------------------|-------------------|-------------------|
| | <u>IN</u> | <u>OUT</u> |
| General Fund | \$ 142,193 | \$ 66,024 |
| Special Revenue Funds | | |
| Municipal Street Fund | 16,024 | 0 |
| Fire Fund | 50,000 | 0 |
| Capital Improvement Revolving Fund | 50,000 | 192,193 |
| | <u>\$ 258,217</u> | <u>\$ 258,217</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

E. Long-Term Debt

The following is a summary of the long-term debt transactions of the Township for the year ended June 30, 2008:

| | <u>INSTALLMENT NOTE</u> |
|---|-----------------------------|
| Long-Term Debt Payable | |
| At July 1, 2007 | \$ 171,504 |
| New Debt Incurred | 0 |
| Payments on Debt | <u>(43,397)</u> |
| LONG-TERM DEBT PAYABLE AT JUNE 30, 2008 | <u>\$ 128,107</u> |
| Amount due within one year | <u>\$ 41,769</u> |

The annual requirement to amortize long-term debt outstanding as of June 30, 2008, including interest payments of \$10,510 are as follows:

| <u>YEAR ENDING JUNE 30,</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|---------------------------------|-------------------|------------------|------------------|
| 2009 | \$ 41,769 | \$ 5,190 | \$ 46,959 |
| 2010 | 42,306 | 3,523 | 45,829 |
| 2011 | 44,032 | 1,797 | 45,829 |
| | <u>\$ 128,107</u> | <u>\$ 10,510</u> | <u>\$138,617</u> |

Installment Notes:

| | |
|---|------------------|
| \$19,950 2003 Chevrolet 2500 pickup note due in monthly installments of \$377 through September 30, 2008; interest at 4.99% | \$ 1,120 |
| \$203,566 2006 Fire Truck note due in annual installments of \$45,829 through September 20, 2010; interest at 4.08% | <u>126,987</u> |
| | <u>\$128,107</u> |

F. Fund Balance Reserves and Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances/retained earnings in various funds. In addition, certain portions of unreserved fund balances/net assets have been designated for intended future uses. These reserves and designations are detailed in the following schedule:

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

FUND BALANCE/NET ASSETS

| | |
|--|------------------------------|
| Reserved | |
| Municipal Street Fund | |
| Telecommunications Right of Way | \$ 7,908 |
| Fire Fund | |
| Fire Protection | 87,241 |
| Designated | |
| Special Revenue Funds | |
| Municipal Street Fund | |
| Street Improvements | 132,857 |
| Liquor Law Enforcement Fund | |
| Liquor Law Enforcement | 2,701 |
| Capital Improvement Revolving Fund | |
| Public Improvements | <u>95,048</u> |
| TOTAL FUND BALANCE RESERVES AND DESIGNATIONS | <u><u>\$ 325,755</u></u> |

IV. OTHER INFORMATION

A. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions, and worker's compensation insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continued to carry insurance for other risks of loss, including fidelity bonds.

B. Retirement Plan

The Township has a defined contribution pension plan with John Hancock Life Insurance Company which covers all employees except for volunteer firemen and seasonal employees. Each employee becomes eligible for coverage on the first policy anniversary date which the employee reaches age 21 and is ineligible at age 73. An employee's normal retirement date is age 65 except for those age 56 and over at entry who will retire after 10 years of participation in the plan or at the plan anniversary nearest age 75 if sooner.

Township contributions to the plan for 2007-2008, amounted to \$9,792 including administration fees of \$240. Total covered payroll amounted to \$90,174 and total wages including non-covered payroll was \$125,743.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

C. Lake Improvement Fund

The Township has joined with Selma Township and the City of Cadillac to establish a Lake Improvement Board for the purpose of improving Lake Mitchell. A special assessment district was established with each municipality collecting the assessment from its property owners within the district. Selma Township and the City of Cadillac send the collected assessments to Cherry Grove Township which has been designated by the Lake Improvement Board to maintain the records for the Lake Improvement Fund.

D. Sewer Fund

The Township is participating with Selma and Clam Lake Townships in the Lakes Cadillac-Mitchell Sewer Loop Project. This project was financed through state and federal grants and the sale of special assessment bonds. The total cost of the project was \$2,605,674. Cherry Grove Township's original share of this project was 48.723% (\$1,269,562). This amount has been capitalized as an asset in the Sewer Fund and as a charge to contributed equity. The Township has contracted with the Wexford County Department of Public Works to operate and maintain the system.

E. Sale of Future Revenues

For several years, the Township has sold its rights to delinquent real property tax revenues and related late payment penalties to the Wexford County treasurer. For the 2007 tax roll the Township received a lump sum payment of \$5,581 for general operating tax revenues and \$7,107 for fire operating tax revenues. In exchange for these payments, the county is allowed to keep the delinquent taxes collected plus the late payment penalties charged. If the county is ultimately unable to collect any of these delinquent taxes, the Township will have to repay the county.

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

| | GENERAL FUND | | | MUNICIPAL STREET FUND | | | FIRE FUND | | |
|--------------------------------|--------------------|-----------------|------------|-----------------------|-----------------|--------|--------------------|-----------------|-----------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL |
| <u>REVENUES</u> | | | | | | | | | |
| Taxes | \$ 102,849 | \$ 107,849 | \$ 109,764 | \$ 0 | \$ 0 | \$ 0 | \$ 92,656 | \$ 92,656 | \$ 94,087 |
| Licenses and Permits | 12,700 | 12,700 | 10,657 | 0 | 0 | 0 | 0 | 0 | 0 |
| Federal Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State Grants | 165,050 | 165,050 | 160,473 | 3,582 | 3,582 | 3,976 | 0 | 0 | 0 |
| Contributions From Local Units | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Charges for Services | 8,200 | 8,200 | 11,135 | 0 | 0 | 0 | 1,375 | 1,375 | 3,035 |
| Interest and Rents | 5,500 | 5,500 | 9,948 | 1,100 | 1,100 | 4,516 | 2,000 | 2,000 | 1,542 |
| Other Revenues | 0 | 0 | 1,705 | 3,000 | 3,000 | 0 | 0 | 0 | 5,400 |
| Total Revenues | 294,299 | 299,299 | 303,682 | 7,682 | 7,682 | 8,492 | 96,031 | 96,031 | 104,064 |
| <u>EXPENDITURES</u> | | | | | | | | | |
| Legislative | | | | | | | | | |
| Township Board | 19,100 | 19,100 | 11,443 | 0 | 0 | 0 | 0 | 0 | 0 |
| General Government | | | | | | | | | |
| Supervisor | 14,994 | 14,994 | 13,799 | 0 | 0 | 0 | 0 | 0 | 0 |
| Election | 7,100 | 7,100 | 5,486 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounting | 3,000 | 3,000 | 3,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Assessor | 32,675 | 32,675 | 32,769 | 0 | 0 | 0 | 0 | 0 | 0 |
| Attorney | 5,000 | 5,000 | 4,211 | 0 | 0 | 0 | 0 | 0 | 0 |
| Clerk | 27,556 | 27,556 | 23,257 | 0 | 0 | 0 | 0 | 0 | 0 |
| Board of Review | 1,800 | 1,800 | 1,587 | 0 | 0 | 0 | 0 | 0 | 0 |
| Treasurer | 33,151 | 34,051 | 31,739 | 0 | 0 | 0 | 0 | 0 | 0 |
| Building and Grounds | 19,165 | 19,165 | 8,599 | 0 | 0 | 0 | 0 | 0 | 0 |
| Municipal Building | 23,735 | 169,735 | 166,352 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cemetery | 14,060 | 17,060 | 16,330 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Safety | | | | | | | | | |
| Civil Defense | 625 | 625 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Liquor Law Enforcement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fire Protection | 0 | 0 | 0 | 0 | 0 | 0 | 161,150 | 123,821 | 106,549 |
| Public Works | | | | | | | | | |
| Highways, Streets, Bridges | 0 | 0 | 0 | 26,325 | 26,325 | 1,047 | 0 | 0 | 0 |
| Street Lighting | 500 | 1,500 | 1,123 | 0 | 0 | 0 | 0 | 0 | 0 |
| Refuse Collection/Disposal | 7,300 | 11,500 | 11,438 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sewer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

| | GENERAL FUND | | | MUNICIPAL STREET FUND | | | FIRE FUND | | |
|--|--------------------|-----------------|------------|-----------------------|-----------------|------------|--------------------|-----------------|-----------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL |
| Culture and Recreation | | | | | | | | | |
| Lake Improvement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Township Parks | 7,810 | 7,810 | 5,899 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Functions | | | | | | | | | |
| Insurance and Bonds | 11,200 | 11,200 | 5,423 | 0 | 0 | 0 | 0 | 0 | 0 |
| Employee Benefits | 25,500 | 25,500 | 15,789 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Service | 0 | 0 | 2,258 | 0 | 0 | 0 | 8,500 | 45,829 | 48,088 |
| Contingency | 35,500 | 27,300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 289,771 | 436,671 | 360,502 | 26,325 | 26,325 | 1,047 | 169,650 | 169,650 | 154,637 |
| Excess (Deficiency) of Revenues Over Expenditures | 4,528 | (137,372) | (56,820) | (18,643) | (18,643) | 7,445 | (73,619) | (73,619) | (50,573) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | | | | | |
| Transfers In | 0 | 0 | 142,193 | 20,000 | 20,000 | 16,024 | 0 | 0 | 50,000 |
| Transfers Out | (70,000) | (70,000) | (66,024) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | (70,000) | (70,000) | 76,169 | 20,000 | 20,000 | 16,024 | 0 | 0 | 50,000 |
| Net Change in Fund Balance | (65,472) | (207,372) | 19,349 | 1,357 | 1,357 | 23,469 | (73,619) | (73,619) | (573) |
| <u>FUND BALANCE</u> - Beginning of Year | 276,372 | 276,372 | 276,372 | 117,296 | 117,296 | 117,296 | 87,814 | 87,814 | 87,814 |
| <u>FUND BALANCE</u> - End of Year - (Deficit) | \$ 210,900 | \$ 69,000 | \$ 295,721 | \$ 118,653 | \$ 118,653 | \$ 140,765 | \$ 14,195 | \$ 14,195 | \$ 87,241 |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

| | LIQUOR LAW ENFORCEMENT FUND | | | LAKE IMPROVEMENT FUND | | | CAPITAL IMPROVEMENT REVOLVING FUND | | |
|--------------------------------|--------------------------------|-----------------|--------|--------------------------|-----------------|---------|---------------------------------------|-----------------|--------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL |
| <u>REVENUES</u> | | | | | | | | | |
| Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Licenses and Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Federal Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State Grants | 2,200 | 2,330 | 2,375 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contributions From Local Units | 0 | 0 | 0 | 0 | 0 | 82,567 | 0 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Rents | 0 | 0 | 0 | 400 | 400 | 1,939 | 6,600 | 6,600 | 7,059 |
| Other Revenues | 0 | 0 | 0 | 183,800 | 183,800 | 101,481 | 0 | 0 | 0 |
| Total Revenues | 2,200 | 2,330 | 2,375 | 184,200 | 184,200 | 185,987 | 6,600 | 6,600 | 7,059 |
| <u>EXPENDITURES</u> | | | | | | | | | |
| Legislative | | | | | | | | | |
| Township Board | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| General Government | | | | | | | | | |
| Supervisor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Election | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounting | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Assessor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Attorney | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Clerk | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Board of Review | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Treasurer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Building and Grounds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Municipal Building | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cemetery | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Safety | | | | | | | | | |
| Civil Defense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Liquor Law Enforcement | 1,520 | 1,650 | 1,655 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fire Protection | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Works | | | | | | | | | |
| Highways, Streets, Bridges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Street Lighting | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Refuse Collection/Disposal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sewer | 0 | 0 | 0 | 0 | 0 | 0 | 125 | 125 | 110 |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

| | LIQUOR LAW ENFORCEMENT FUND | | | LAKE IMPROVEMENT FUND | | | CAPITAL IMPROVEMENT REVOLVING FUND | | |
|--|--------------------------------|-----------------|----------|--------------------------|-----------------|-----------|---------------------------------------|-----------------|-----------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL |
| Culture and Recreation | | | | | | | | | |
| Lake Improvement | 0 | 0 | 0 | 181,891 | 181,891 | 127,750 | 0 | 0 | 0 |
| Township Parks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Functions | | | | | | | | | |
| Insurance and Bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Employee Benefits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contingency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 1,520 | 1,650 | 1,655 | 181,891 | 181,891 | 127,750 | 125 | 125 | 110 |
| Excess (Deficiency) of Revenues Over Expenditures | 680 | 680 | 720 | 2,309 | 2,309 | 58,237 | 6,475 | 6,475 | 6,949 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | | | | | |
| Transfers In | 0 | 0 | 0 | 0 | 0 | 0 | 50,000 | 50,000 | 50,000 |
| Transfers Out | 0 | 0 | 0 | (3,000) | (3,000) | 0 | 0 | (192,200) | (192,193) |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | (3,000) | (3,000) | 0 | 50,000 | (142,200) | (142,193) |
| Net Change in Fund Balance | 680 | 680 | 720 | (691) | (691) | 58,237 | 56,475 | (135,725) | (135,244) |
| <u>FUND BALANCE</u> - Beginning of Year | 1,981 | 1,981 | 1,981 | (31,787) | (31,787) | (31,787) | 230,292 | 230,292 | 230,292 |
| <u>FUND BALANCE</u> - End of Year - (Deficit) | \$ 2,661 | \$ 2,661 | \$ 2,701 | \$ (32,478) | \$ (32,478) | \$ 26,450 | \$ 286,767 | \$ 94,567 | \$ 95,048 |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

| | 2008 | 2007 |
|-------------------------------------|-------------------|-------------------|
| | | |
| <u>ASSETS</u> | | |
| Cash | \$ 11,804 | \$ 5,712 |
| Accounts Receivable | 475 | 0 |
| Taxes Receivable | 0 | 23 |
| Investments | 248,419 | 224,910 |
| Due from Other Government | 51,636 | 50,341 |
| Due from Other Funds | 0 | 3,932 |
| | | |
| TOTAL ASSETS | <u>\$ 312,334</u> | <u>\$ 284,918</u> |
| | | |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| | | |
| <u>LIABILITIES</u> | | |
| Accounts Payable | \$ 431 | \$ 8,055 |
| Due to Other Funds | 16,182 | 491 |
| | | |
| TOTAL LIABILITIES | 16,613 | 8,546 |
| | | |
| <u>FUND BALANCE</u> | | |
| Unreserved | 295,721 | 276,372 |
| | | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 312,334</u> | <u>\$ 284,918</u> |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30,

| | 2008 | 2007 |
|---|------------|------------|
| <u>REVENUES</u> | | |
| Taxes | \$ 109,764 | \$ 103,028 |
| Business Licenses and Permits | 10,657 | 10,404 |
| State Grants | 160,473 | 156,584 |
| Charges for Services | 11,135 | 10,923 |
| Interest and Rents | 9,948 | 12,547 |
| Other Revenues | 1,705 | 4 |
| Total Revenues | 303,682 | 293,490 |
| <u>EXPENDITURES</u> | | |
| Legislative | | |
| Township Board | 11,443 | 26,298 |
| General Government | | |
| Supervisor | 13,799 | 13,887 |
| Election | 5,486 | 3,965 |
| Accounting | 3,000 | 2,115 |
| Assessor | 32,769 | 30,999 |
| Attorney | 4,211 | 1,224 |
| Clerk | 23,257 | 24,163 |
| Board of Review | 1,587 | 1,266 |
| Treasurer | 31,739 | 28,831 |
| Building and Grounds | 8,599 | 13,966 |
| Municipal Building | 166,352 | 27,227 |
| Cemetery | 16,330 | 14,161 |
| Public Works | 12,561 | 6,131 |
| Recreation and Cultural | 5,899 | 5,926 |
| Other Functions | 21,212 | 22,323 |
| Debt Service | 2,258 | 2,258 |
| Total Expenditures | 360,502 | 224,740 |
| Excess (Deficiency) of Revenues Over Expenditures | (56,820) | 68,750 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | |
| Transfers In | 142,193 | 0 |
| Transfers Out | (66,024) | (66,068) |
| Total Other Financing Sources (Uses) | 76,169 | (66,068) |
| Net Change in Fund Balance | 19,349 | 2,682 |
| <u>FUND BALANCE - Beginning of Year</u> | 276,372 | 273,690 |
| <u>FUND BALANCE - End of Year</u> | \$ 295,721 | \$ 276,372 |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

MUNICIPAL STREET FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

| | 2008 | 2007 |
|---|------------|------------|
| <u>ASSETS</u> | | |
| Cash | \$ 4,345 | \$ 5,392 |
| Investments | 120,352 | 115,836 |
| Due from Other Funds | 16,068 | 0 |
| | | |
| TOTAL ASSETS | \$ 140,765 | \$ 121,228 |
| | | |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| | | |
| <u>LIABILITIES</u> | | |
| Due to Other Funds | \$ 0 | \$ 3,932 |
| | | |
| <u>FUND BALANCE</u> | | |
| Reserved for Telecommunication Right of Way | 7,908 | 3,932 |
| Unreserved | | |
| Designated for: | | |
| Street Improvements | 132,857 | 113,364 |
| | | |
| Total Fund Balance | 140,765 | 117,296 |
| | | |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 140,765 | \$ 121,228 |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

MUNICIPAL STREET FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30,

| | <u>2008</u> | <u>2007</u> |
|--|-------------------|-------------------|
| <u>REVENUES</u> | | |
| State Grants | | |
| Telecommunications Right of Way Maintenance | \$ 3,976 | \$ 3,932 |
| Interest and Rents | | |
| Interest Earnings | 4,516 | 4,325 |
| Other Revenue | | |
| Special Assessments | 0 | 16,042 |
| Total Revenues | <u>8,492</u> | <u>24,299</u> |
| <u>EXPENDITURES</u> | | |
| Public Works | | |
| Highways, Streets and Bridges | | |
| Other Services and Charges | | |
| Professional Services | 825 | 800 |
| Printing and Publishing | 222 | 179 |
| Total Expenditures | <u>1,047</u> | <u>979</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 7,445 | 23,320 |
| <u>OTHER FINANCING SOURCES</u> | | |
| Transfers In | | |
| General Fund | 16,024 | 16,068 |
| Net Change in Fund Balance | 23,469 | 39,388 |
| <u>FUND BALANCE</u> - Beginning of Year | <u>117,296</u> | <u>77,908</u> |
| <u>FUND BALANCE</u> - End of Year | <u>\$ 140,765</u> | <u>\$ 117,296</u> |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

FIRE FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

| | <u>2008</u> | <u>2007</u> |
|-------------------------------------|------------------|------------------|
| | | |
| <u>ASSETS</u> | | |
| Cash | \$ 7,914 | \$ 4,951 |
| Accounts Receivable | 1,238 | 0 |
| Taxes Receivable | 0 | 28 |
| Investments | 81,595 | 83,192 |
| Due from General Fund | 114 | 491 |
| | | |
| TOTAL ASSETS | <u>\$ 90,861</u> | <u>\$ 88,662</u> |
| | | |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES</u> | | |
| Accounts Payable | \$ 3,620 | \$ 848 |
| | | |
| <u>FUND BALANCE</u> | | |
| Reserved for Fire Protection | 87,241 | 87,814 |
| | | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 90,861</u> | <u>\$ 88,662</u> |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

FIRE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30,

| | <u>2008</u> | <u>2007</u> |
|------------------------------|----------------|----------------|
| <u>REVENUES</u> | | |
| Taxes | | |
| Property Tax | \$ 94,087 | \$ 89,500 |
| Federal Grants | 0 | 89,186 |
| Charges for Services | 3,035 | 1,010 |
| Interest and Rents | | |
| Interest Earnings | 1,542 | 3,351 |
| Other Revenues | | |
| Sale of Fixed Assets | 0 | 6,750 |
| Refunds and Rebates | 1,239 | 65 |
| Donations | 4,160 | 19,070 |
| Miscellaneous | 1 | 0 |
| | | |
| Total Revenues | <u>104,064</u> | <u>208,932</u> |
| <u>EXPENDITURES</u> | | |
| Public Safety | | |
| Fire Protection | | |
| Personal Services | | |
| Salaries and Wages | 35,365 | 31,760 |
| Employee Benefits | | |
| Michigan Unemployment | 77 | 42 |
| Social Security and Medicare | 2,705 | 2,430 |
| Supplies | | |
| Office Supplies | 1,029 | 915 |
| Operating Supplies | 4,506 | 7,376 |
| Other Services and Charges | | |
| Contracted Services | 1,070 | 4,770 |
| Communication | 561 | 854 |
| Transportation | 6,282 | 4,949 |
| Insurance and Bonds | 14,104 | 13,923 |
| Public Utilities | 1,741 | 559 |
| Printing and Publishing | 59 | 143 |
| Repair and Maintenance | 17,779 | 11,889 |
| Miscellaneous | 1,814 | 533 |
| Education and Training | 6,325 | 12,272 |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

FIRE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30,

| | <u>2008</u> | <u>2007</u> |
|---|------------------|------------------|
| Capital Outlay | | |
| Equipment | 13,132 | 117,859 |
| Building | 0 | 3,058 |
| Debt Service | | |
| Principal | 41,226 | 39,590 |
| Interest | 6,862 | 8,498 |
| | | |
| Total Expenditures | <u>154,637</u> | <u>261,420</u> |
| | | |
| Excess (Deficiency) of Revenues | | |
| Over Expenditures | (50,573) | (52,488) |
| | | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | |
| Transfers In (Out) | <u>50,000</u> | <u>0</u> |
| | | |
| Net Change in Fund Balance | (573) | (52,488) |
| | | |
| <u>FUND BALANCE</u> - Beginning of Year | <u>87,814</u> | <u>140,302</u> |
| | | |
| <u>FUND BALANCE</u> - End of Year | <u>\$ 87,241</u> | <u>\$ 87,814</u> |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

LIQUOR LAW ENFORCEMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

| | <u>2008</u> | <u>2007</u> |
|---------------------------------------|-----------------|-----------------|
| | | |
| <u>ASSETS</u> | | |
| Cash | \$ 2,701 | \$ 1,981 |
| | | |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES</u> | \$ 0 | \$ 0 |
| | | |
| <u>FUND BALANCE</u> | | |
| Designated for Liquor Law Enforcement | <u>2,701</u> | <u>1,981</u> |
| | | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 2,701</u> | <u>\$ 1,981</u> |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

LIQUOR LAW ENFORCEMENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30,

| | <u>2008</u> | <u>2007</u> |
|--|-----------------|-----------------|
| <u>REVENUES</u> | | |
| State Grants | | |
| Liquor Licenses | \$ 2,375 | \$ 2,422 |
| <u>EXPENDITURES</u> | | |
| Public Safety | | |
| Law Enforcement | | |
| Personal Services | | |
| Salaries and Wages | 1,200 | 1,200 |
| Supplies | | |
| Operating Supplies | 50 | 0 |
| Other Services and Charges | | |
| Professional Services | 110 | 105 |
| Transportation | 55 | 47 |
| Insurance and Bonds | 148 | 148 |
| Miscellaneous | 92 | 92 |
| Total Expenditures | <u>1,655</u> | <u>1,592</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 720 | 830 |
| <u>FUND BALANCE</u> - Beginning of Year | <u>1,981</u> | <u>1,151</u> |
| <u>FUND BALANCE</u> - End of Year | <u>\$ 2,701</u> | <u>\$ 1,981</u> |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

LAKE IMPROVEMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

| | 2008 | 2007 |
|-------------------------------------|-----------|-----------|
| | <hr/> | |
| <u>ASSETS</u> | | |
| Cash | \$ 93,877 | \$ 52,739 |
| | <hr/> | |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES</u> | | |
| Accounts Payable | \$ 67,427 | \$ 84,526 |
| | <hr/> | |
| <u>FUND BALANCE</u> | | |
| Unreserved Undesignated (Deficit) | 26,450 | (31,787) |
| | <hr/> | |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 93,877 | \$ 52,739 |
| | <hr/> | |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

LAKE IMPROVEMENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE

YEAR ENDED JUNE 30,

| | <u>2008</u> | <u>2007</u> |
|---|------------------|--------------------|
| <u>REVENUES</u> | | |
| Contributions from Local Units | | |
| Selma Township | \$ 81,191 | \$ 26,625 |
| City of Cadillac | 1,376 | 200 |
| Interest and Rents | | |
| Interest Earnings | 1,939 | 446 |
| Other Revenue | | |
| Special Assessments | <u>101,481</u> | <u>35,750</u> |
| Total Revenues | <u>185,987</u> | <u>63,021</u> |
| <u>EXPENDITURES</u> | | |
| Recreation and Cultural | | |
| Lake Improvement | | |
| Supplies | | |
| Office Supplies | 322 | 536 |
| Other Services and Charges | | |
| Insurance | 735 | 735 |
| Professional Services | 126,106 | 93,051 |
| Printing and Publishing | 587 | 642 |
| Repairs and Maintenance | <u>0</u> | <u>6,312</u> |
| Total Expenditures | <u>127,750</u> | <u>101,276</u> |
| Excess (Deficiency) of Revenues | | |
| Over Expenditures | 58,237 | (38,255) |
| <u>FUND BALANCE</u> - Beginning of Year (Deficit) | <u>(31,787)</u> | <u>6,468</u> |
| <u>FUND BALANCE</u> - End of Year (Deficit) | <u>\$ 26,450</u> | <u>\$ (31,787)</u> |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

CAPITAL IMPROVEMENT REVOLVING FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

| | 2008 | 2007 |
|-------------------------------------|------------------|-------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 135 | \$ 45 |
| Investments | 94,913 | 230,247 |
| | | |
| TOTAL ASSETS | <u>\$ 95,048</u> | <u>\$ 230,292</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES</u> | \$ 0 | \$ 0 |
| | | |
| <u>FUND BALANCE</u> | | |
| Designated for Public Improvements | 95,048 | 230,292 |
| | | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 95,048</u> | <u>\$ 230,292</u> |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

CAPITAL IMPROVEMENT REVOLVING FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE

YEAR ENDED JUNE 30,

| | <u>2008</u> | <u>2007</u> |
|---|------------------|-------------------|
| <u>REVENUES</u> | | |
| Interest and Rents | | |
| Interest Earnings | \$ 7,059 | \$ 10,689 |
| <u>EXPENDITURES</u> | | |
| Public Works | | |
| Other Services and Charges | | |
| Contracted Services | <u>110</u> | <u>105</u> |
| Excess (Deficiency) of Revenues | | |
| Over Expenditures | <u>6,949</u> | <u>10,584</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | |
| Transfers In (Out) | | |
| Fire Fund | (50,000) | 0 |
| General Fund | (142,193) | 0 |
| General Fund | <u>50,000</u> | <u>50,000</u> |
| Total Other Financing Sources (Uses) | <u>(142,193)</u> | <u>50,000</u> |
| Net Change in Fund Balance | (135,244) | 60,584 |
| <u>FUND BALANCE</u> - Beginning of Year | <u>230,292</u> | <u>169,708</u> |
| <u>FUND BALANCE</u> - End of Year | <u>\$ 95,048</u> | <u>\$ 230,292</u> |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

SEWER CAPITAL IMPROVEMENT FUND

BALANCE SHEET
JUNE 30, 2008

| | <u>2008</u> |
|---|-------------------|
| | |
| <u>ASSETS</u> | |
| Due from Other Governments | <u>\$ 267,470</u> |
| | |
| <u>LIABILITIES AND FUND BALANCE</u> | |
| <u>LIABILITIES</u> | \$ 0 |
| | |
| <u>FUND BALANCE</u> | |
| Reserved for Sewer Capital Improvements | <u>267,470</u> |
| | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 267,470</u> |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

SEWER CAPITAL IMPROVEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE

JUNE 30, 2008

| | |
|--|--------------------------|
| | <u>2008</u> |
| <u>REVENUES</u> | |
| Contributions from Local Units | |
| Contributions from Wexford County Department of Public Works | \$ 267,470 |
| <u>EXPENDITURES</u> | <u>0</u> |
| Excess (Deficiency) of Revenues | |
| Over Expenditures | 267,470 |
| <u>FUND BALANCE</u> - Beginning of Year | <u>0</u> |
| <u>FUND BALANCE</u> - End of Year | <u><u>\$ 267,470</u></u> |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

SEWER FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

| | <u>2008</u> | <u>2007</u> |
|-----------------------------------|---------------------|---------------------|
| <u>ASSETS</u> | | |
| <u>CURRENT ASSETS</u> | | |
| Cash | \$ 34,543 | \$ 39,847 |
| Accounts Receivable | 0 | 32,689 |
| Interest Receivable | 1,324 | 4,196 |
| Investments | 708,664 | 627,851 |
| | <hr/> | <hr/> |
| Total Current Assets | 744,531 | 704,583 |
| | <hr/> | <hr/> |
| <u>CAPITAL ASSETS</u> | | |
| Improvements Other Than Buildings | 1,269,562 | 1,269,562 |
| Less Accumulated Depreciation | 736,344 | 710,953 |
| | <hr/> | <hr/> |
| Net Capital Assets | 533,218 | 558,609 |
| | <hr/> | <hr/> |
| TOTAL ASSETS | <u>\$ 1,277,749</u> | <u>\$ 1,263,192</u> |
| | <hr/> | <hr/> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>LIABILITIES</u> | | |
| Due to Other Governments | \$ 17,732 | \$ 0 |
| | <hr/> | <hr/> |
| <u>NET ASSETS</u> | | |
| Invested in Capital Assets | 533,218 | 558,609 |
| Unrestricted | 726,799 | 704,583 |
| | <hr/> | <hr/> |
| Total Net Assets | 1,260,017 | 1,263,192 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,277,749</u> | <u>\$ 1,263,192</u> |
| | <hr/> | <hr/> |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

SEWER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

| | <u>2008</u> | <u>2007</u> |
|---|--------------|--------------|
| <u>OPERATING REVENUES</u> | | |
| Charges for Services | | |
| Sewer Use Charges | \$ 54,914 | \$ 106,952 |
| <u>OPERATING EXPENSES</u> | | |
| Public Works | | |
| Professional Services | 9,420 | 1,060 |
| Contracted Services | | |
| Operation and Maintenance | | |
| Wexford County Department of Public Works | 51,047 | 102,081 |
| Printing and Publishing | 1,004 | 0 |
| Depreciation | 25,391 | 25,391 |
| Miscellaneous | 59 | 25 |
| Total Operating Expenses | 86,921 | 128,557 |
| Operating Income (Loss) | (32,007) | (21,605) |
| <u>NONOPERATING REVENUES (EXPENSES)</u> | | |
| Interest Income | 24,801 | 26,012 |
| Net Increase (Decrease) in the Fair Value of Investments | 4,031 | 5,562 |
| Total Nonoperating Revenues (Expenses) | 28,832 | 31,574 |
| Change in Net Assets | (3,175) | 9,969 |
| <u>TOTAL NET ASSETS - Beginning of Year</u> | 1,263,192 | 1,253,223 |
| <u>TOTAL NET ASSETS - End of Year</u> | \$ 1,260,017 | \$ 1,263,192 |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN
SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

| | 2008 | 2007 |
|--|-------------|-------------|
| <u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u> | | |
| Cash Flows from Operating Activities: | | |
| Cash Received from Customers | \$ 105,335 | \$ 107,518 |
| Cash Payments to Suppliers for Goods and Services | (61,530) | (103,166) |
| Net Cash Provided (Used) by Operating Activities | 43,805 | 4,352 |
| Cash Flows from Investing Activities: | | |
| Interest on Investments | 27,673 | 23,229 |
| Proceeds from Investments | 547,445 | 111,346 |
| Acquisition of Investments | (624,227) | (133,798) |
| Net Cash Provided (Used) by Investing Activities | (49,109) | 777 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (5,304) | 5,129 |
| <u>CASH AND CASH EQUIVALENTS - Beginning of Year</u> | 39,847 | 34,718 |
| <u>CASH AND CASH EQUIVALENTS - End of Year</u> | \$ 34,543 | \$ 39,847 |
| <u>RECONCILIATION OF OPERATING INCOME</u> <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u> | | |
| Operating Income (Loss) | \$ (32,007) | \$ (21,605) |
| Adjustments to Reconcile Operating Income to Net | | |
| Cash Provided by Operating Activities | | |
| Depreciation | 25,391 | 25,391 |
| (Increase) Decrease in Current Assets | | |
| Accounts Receivable - Service Billings | 32,689 | 566 |
| Increase (Decrease) in Current Liabilities | | |
| Due to Other Governments | 17,732 | 0 |
| Total Adjustments | 75,812 | 25,957 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 43,805 | \$ 4,352 |

CHERRY GROVE TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2008

| | BALANCE | | | BALANCE |
|--------------------------|----------|--------------|----------------|-----------|
| | 7/1/2007 | ADDITIONS | DEDUCTIONS | 6/30/2008 |
| <u>ASSETS</u> | | | | |
| Cash | \$ 0 | \$ 3,328,718 | \$ (3,328,718) | \$ 0 |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 0 | \$ 7,927 | \$ (7,927) | \$ 0 |
| Due to Other Funds | 0 | 285,952 | (285,952) | 0 |
| Due to Other Governments | 0 | 2,902,658 | (2,902,658) | 0 |
| TOTAL LIABILITIES | \$ 0 | \$ 3,196,537 | \$ (3,196,537) | \$ 0 |

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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September 19, 2008

To the Township Board
Cherry Grove Township
Wexford County
Cadillac, Michigan

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Cherry Grove Township, Wexford County, Cadillac, Michigan as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Cherry Grove Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

1) Lack of Segregation of Duties

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

2) Lack of Adequate Controls to Produce Full Disclosure GAAP Basis Financial Statements.

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principals (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally. As a result of this condition, the government lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the deficiencies described above are not material weaknesses.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

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September 19, 2008

To the Township Board
Cherry Grove Township
Wexford County
Cadillac, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cherry Grove Township for the year ended June 30, 2008, and have issued our report thereon dated September 19, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 13, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of Cherry Grove Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Cherry Grove are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007-08. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. No material misstatements were noted. We did propose several adjusting journal entries that were accepted and recorded by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 19, 2008.

Other Audit Findings or Issues

During the course of our audit of the basic financial statements of Cherry Grove Township for the year ended June 30, 2008, we noted no items which we feel deserve comment which were not previously communicated to the Township, either verbally or through other written communication.

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BAIRD, COTTER AND BISHOP, P.C.

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